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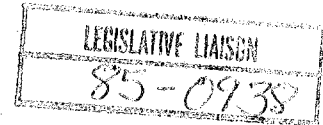
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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 26, 1985



LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer

Department of Agriculture
Department of Commerce
Department of Defense
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of State
Department of Transportation
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Council of Economic Advisers
Central Intelligence Agency
Equal Employment Opportunity Commission
Environmental Protection Agency
General Services Administration
National Aeronautics and Space Administration
National Endowment for the Arts
National Endowment for the Humanities
National Labor Relations Board
Nuclear Regulatory Commission
Panama Canal Commission
Securities and Exchange Commission
Small Business Administration
U.S. Information Agency
U.S. Postal Service
Veterans Administration

SUBJECT: Office of Personnel Management proposed draft of a supplemental retirement system, "Federal Employees' Retirement System Act of 1985."

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than April 23, 1985.

Questions should be referred to Curt Smith (395-6156) or to Hilda Schreiber (395-7362), the legislative analyst in this office.

Naomi R Sweeney

Naomi R. Sweeney for
Assistant Director for
Legislative Reference

Enclosures



United States
**Office of
Personnel Management**

Washington, D.C. 20415

In Reply, Refer To:

Your Reference

Honorable David A. Stockman
Director
Office of Management and Budget
Washington, D.C. 20503

MAR 11 1985

Attention: Assistant Director
for Legislative Reference

Dear Mr. Stockman:

The Office of Personnel Management has prepared the enclosed legislative proposal, "To amend title 5, United States Code, to establish a Federal Employees' Retirement System to supplement Social Security benefits, and for other purposes," together with appropriate accompanying documents.

Since January 1, 1984, new Federal employees and certain other individuals in all three branches of Government have been covered by Social Security. The existing Civil Service Retirement System predated the Social Security System and, thus, was designed to stand alone as the sole source of retirement income. There is a consensus, expressed in Public Law 98-168, that Social Security coverage for Federal employees should be supplemented by an employer-sponsored staff retirement plan, as it is for many private sector employees.

The enclosed proposal would establish a system to provide additional retirement income to new Federal employees who would be covered by Social Security. The cost of this defined contribution plan would be in line with the pension costs of generous private sector pension plans, about 19 percent of pay including the employer share of Social Security taxes. All of the money would be invested in Treasury securities.

We would appreciate receiving your advice as to whether the submission of this legislative proposal to Congress would be consistent with the Administration's program.

Sincerely,

Donald J. Devine
Director

Enclosures

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